Using Adaptive Learning in AML Training

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Challenges of AML Training

The purpose of AML training is to ensure that employees are adequately trained to perform their jobs in compliance with all the applicable AML rules and regulations. In reality, AML training tends to be less effective than desired.

Due to the requirement of annual retraining, employees attend some form of training, quite often the same training, year after year. Most of them go through the training as a formality without learning anything new. As a result, AML training is reduced to a mere formality of checking an item off a list.

There are three main reasons for this.

- **Regulatory Requirements for Training**: In most countries, the regulatory requirements specify only the number of hours of AML training for employees. The requirements do not state the type or depth of training.
- **Infrequent Changes to the Law**: Major changes to laws or regulations only occur once every few years. As a result, the same course is often repeated year after year. Repeating the same training year after year results in loss of attention and interest, which in turn reduces the effectiveness of even the best of training modules.
- **Nature of the Content**: Being rule-based, AML training is often didactic. Such training is not very interesting or engaging, unless special effort is put in to make the training relevant.

Because of these reasons, AML training does not receive the right level of attention from employees. The apathy towards such training is very dangerous because it can lead to employees defaulting on their AML-related obligations.

What is Adaptive Learning

Adaptive learning is a style of organizational learning that focuses on prior successes and the use of these successes as the basis for developing future strategies and successes.

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In e-learning context, we use the term Adaptive Learning to define a learning path that is adapted based on a learner's **demonstrated knowledge** about the subject matter. In order to determine existing knowledge, extensive assessment banks are developed and deployed. Learner response to these questions banks determines the learning path recommended for him/her (see diagram below).
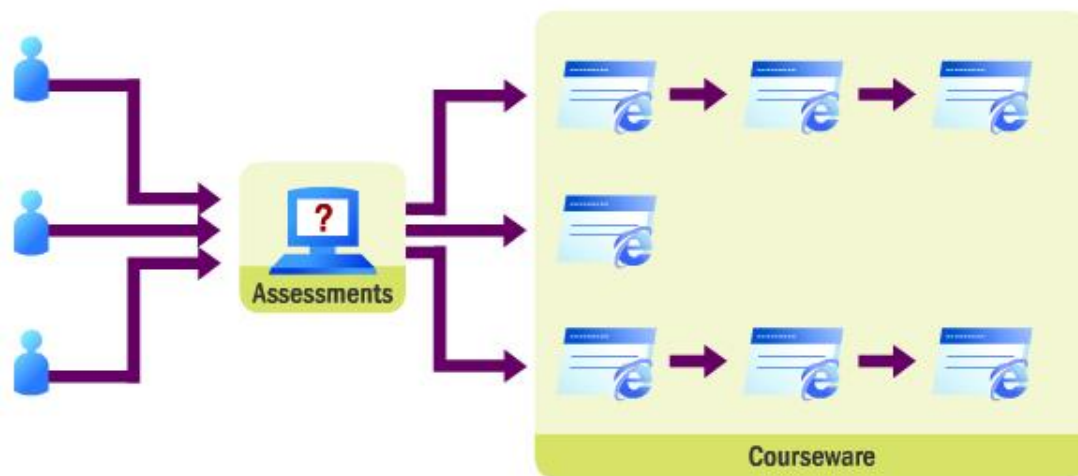
Use of Adaptive Learning in AML Training

Here is an example of how Adaptive Learning will change the learning experience for a typical employee.

Employee X undergoes 2-hours of online (or classroom) AML training. It covered six topics, including the basics of money laundering, methods of money laundering, use of wire transfers in money laundering, KYC, CDD and tools for preventing money laundering.

Employee X passes an assessment quiz and completes the training requirement. It took employee X a total of 2.5 hours to complete the AML training

After a year, Employee X undergoes an online assessment that has questions for each of the six topics in the original training.

The results from the assessment show that Employee X has demonstrated knowledge of the concepts related to the basics of money laundering and tools for preventing it, but not for KYC and CDD.

Employee X takes the online modules on KYC and CDD and an additional module on the latest trends in money laundering.

After reviewing these modules, employee X passes the assessment quiz and completes the re-training requirement. The total time Employee X spent on AML training reduced from 2.5 hours in year 1 to 1 hour in year 2.

Although the concept of Adaptive Learning is very simple, most online AML training providers do not include it in their offerings due to implementation issues.

At the heart of a successful Adaptive Learning implementation is a **robust question pooling engine** that allows tagging of individual questions on multiple parameters, such as topics tested, type of content, and difficulty level. Other drivers for successful implementation of Adaptive Learning are strong reporting and analysis tools. These features, when combined with well-designed questions, can provide financial institutions with several benefits such as the following.

- Better retention of key concepts/skills needed to carry out AML procedures in real life
- Improved employee interest and motivation in annual retraining exercises
- Reduction in time taken to retrain all employees
- Easy monitoring and records of progressive improvement in employee AML knowledge and skills

About Knowledge Platform

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